

**PROPERTY TAX (Needed Each Year)**

Alabama Law specifically provides that Ad Valorem (personal property) Taxes must be paid on Alabama-based vehicles through the IRP registrant's renewal month before IRP license plates may be issued. Proof of payment may be submitted with the IRP registration application, or preferably, submitted with the payment. If no Ad Valorem Tax is due, this fact must be attested to by the appropriate county official. This is usually shown on a motor vehicle tag and tax receipt (MVR 40-12-253B). For more information concerning Ad Valorem Tax, contact your local Alabama license plate issuing official.

**SALES, USE OR LEASING / RENTAL TAX (Needed for Initial Registration)**

1. Sales Tax – A state casual sales tax of 2% levied on vehicles purchased in Alabama. Proof of payment of the sales tax must be supplied to the license issuing official before a license plate may be issued. Proof of payment can be a motor vehicle tag and tax receipt, or bill of sale showing sales tax paid. Some Alabama counties and cities also levy a local sales tax on vehicles when purchased.
2. Use Tax – A state use tax of 2% is levied on newly purchased vehicles if the vehicles were purchased outside of Alabama and are being registered by the new owners for the first time. If the new owner paid sales tax in another jurisdiction, credit will be allowed against the Alabama use tax due.
3. Leasing or Rental Tax – When the owner of a vehicle leases or rents a vehicle without a driver for use by a person or corporation and receives compensation for that use, the owner becomes a lessor and subject to the gross receipts tax as provided in Title 40, Chapter 12, Sections 220-227, **Code of Alabama 1975**, as amended.

For information concerning sales, use, lease or rental tax, contact one of the Alabama Department of Revenue Taxpayer Service Centers listed on page B-2, or contact the Sales, Use and Business Tax Division at (334) 242-1490.

**TITLES (Needed for Initial Registration)**

Proof of ownership of a vehicle must be provided in the form of a photocopy of the Alabama Application for Title or the Title issued by Alabama or another jurisdiction. (A 1974 model year or earlier vehicle that is titled in another jurisdiction is not required to be titled in Alabama.) *Note: REASSIGNED TITLES WILL NOT BE ACCEPTED.*

The name of the owner on the title and the name of the owner as shown on the IRP registration must agree if they are the same entity. If not, a lease agreement between the vehicle owner and IRP registrant may be required.

For more information concerning titles or title applications, contact the Alabama Department of Revenue, Motor Vehicle Division's Title Section at (334) 242-9102.